

UNITED STATES TRADE REPRESENTATIVE

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USTR ANNOUNCES DELAY OF TRADE ACTION IN BEEF HORMONES DISPUTE

(March 12, 2009) The Office of the U.S. Trade Representative announced today that it is delaying by one month the imposition of additional duties on a modified list of EU products in connection with World Trade Organization (WTO) dispute settlement rulings in the EU - Beef Hormones dispute. Under a determination announced on January 15, 2009, the additional duties were to go into effect on March 23, 2009. Under the delay announced today, the additional duties are scheduled to go into effect on April 23, 2009.

"The purpose of the modified trade action announced earlier this year was to encourage a resolution of the longstanding *Beef Hormones* dispute that would offer a fair outcome for the U.S. beef industry, while also addressing the economic impact of the prior trade action on U.S. interests," explained USTR spokesperson Nefeterius McPherson. "USTR is currently in discussions with the European Commission on a possible interim solution that would provide benefits for U.S. beef producers. These discussions have made progress, although several important issues remain to be resolved. USTR has decided to delay the trade action in order to give this process every possibility of success."

The changes announced on January 15, 2009 made additions to and deletions from the list of the products subject to additional duties, changed the EU member states whose products are subject to the duties, and, for one product, increased the level of the additional duties. Under the decision announced today, most of these changes will be delayed for one month, and will now be effective on April 23, 2009. However, in order to respect commercial arrangements that have been made in the period since January 15, there will be no delay in the March 23, 2009, effective date of the deletion of products from the list of products subject to additional duties.

The details of the delay in the trade action are set out in a *Federal Register* notice that shortly will be posted on USTR's website and sent to the Office of the Federal Register for publication.

BACKGROUND

In 1988, the EU banned U.S. beef on the grounds that U.S. beef producers made use of certain growth-promoting hormones that are unapproved in the EU. The WTO dispute began in January

1996, shortly after the entry into force of the WTO. In 1998, the WTO found that the EU's ban on U.S. beef was not supported by science and was thus inconsistent with WTO rules. When the EU failed to bring its ban into compliance with its WTO obligations, the WTO authorized the United States to take retaliatory trade measures with an annual trade value of \$116.8 million. In July 1999, the United States imposed additional duties on a list of EU products in accordance with the WTO authorization. That list remained unchanged until the modifications were announced on January 15, 2009.

The EU amended its ban in 2003, claiming that the ban now complied with WTO requirements, and challenged the continued application of additional tariffs by the United States. In a report released in October 2008, the WTO Appellate Body rejected the EU's claim and confirmed that the United States has a continuing right to impose trade measures on EU products.

On November 6, 2008, USTR published a *Federal Register* notice seeking public comments on possible modifications to the list of products subject to additional duties. Approximately 600 comments were received by the requested due date of December 8, 2008. An interagency committee of trade experts and economists reviewed the public comments and provided recommendations to the USTR with respect to modifications that would result in a more effective action, while taking account of effects on the U.S. economy, including consumers. The USTR accepted the recommendation and announced the modified trade action on January 15, 2009.